Doing Business in Uruguay: 2009 Country Commercial Guide for U.S. Companies

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2/18/2009

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Chapter 1: Doing Business In Uruguay

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Market Overview Return to top

- Bienvenidos a Uruguay! Uruguay is a great place to do business, and the Commercial Section at the U.S. Embassy in Montevideo has compiled this guide to provide you with a brief background on the Uruguayan market as you consider export opportunities.

- Uruguay is a market-oriented economy in which the State still plays a role. It has experienced robust rates of growth of over 7% for the past 5 years. GDP growth is expected to decelerate from 9%-11% in 2008 to about 2% in 2009.

- Uruguay has diversified its trade in recent years and reduced its longstanding dependency on Argentina and Brazil. It is a founding member of MERCOSUR, the Southern Cone trading bloc also composed of Argentina, Brazil and Paraguay, which is in process of integrating Venezuela.

- Preliminary 2008 figures show that Uruguay's exports of goods (FOB) totaled $7.2 billion and imports (CIF) $7.0 billion. Brazil was the top export market (16%) followed by Argentina (8%), Russia (6%), Spain, Venezuela and the U.S. (with 4% each). Exports are concentrated in a few products, with meat, rice, leather, dairy products and wood accounting for over half of total sales. Uruguay's top imports are oil and capital goods.

- Imports from the United States surged in recent years following the economic upturn, from under $200 million in 2003 to about $600 million in 2008. The U.S. came in fourth place with a 9 percent market share. The top suppliers were Brazil (22%), Argentina (20%) and China (13%).   Key U.S. sales in 2008 were fuels, fertilizers, computers and high-tech and capital goods. Exports to the U.S. dropped 56 percent in 2008, for a total of $217 million, as beef sales were shifted to other markets. Sales to the U.S. are concentrated on beef, cheese, fish and wood. Bilateral trade exceeded $800 million in 2008, with a favorable trade balance to the U.S. of almost $400 million.

- The investment climate is generally positive. Foreign and national investors are treated alike, there is complete free remittance of capital and profits, and investments are allowed without prior authorization. A 2007 decree offers significant tax benefits to investors.

- Uruguay and the U.S. signed a latest-generation Bilateral Investment Treaty in 2005 and an Open Skies Agreement in 2004. In early 2007 both countries signed a Trade and Investment Framework Agreement that is providing a platform for active work on commercial issues.

Please refer to Chapter 2 or the following links for further economic information:

http://uruguay.usembassy.gov; http://www.bcu.gub.uy; http://www.ine.gub.uy; http://www.presidencia.gub.uy; http://www.uruguayxxi.gub.uy; http://www.mef.gub.uy/portada.php; http://www.mef.gub.uy/indicadores.php; www.unasep.gub.uy; http://www.mercosur.int/msweb/; http://www.imf.org/external/country/URY/index.htm; http://econ.worldbank.org/

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- The challenges Uruguay faces in promoting its local market are its small size (3.3 million) and the lack of trade-related financing. Uruguay is largely unknown to many U.S. companies, and local business has traditionally turned first to MERCOSUR to develop trade. U.S. exporters need to be flexible in their minimum sales requirements. Occasionally, MERCOSUR trade barriers within the region can hinder trade amongst MERCOSUR partners.

- The left-of-center government that will be in office until March 2010 has shown a keen interest in promoting expanded trade and investment, and the business community has been encouraged by a strong economic recovery and pro-investment signals from the government. Still, more radical members of the governing coalition and trade unions have challenged the market-oriented economic team on some of its policies. A clear example was their opposition to a Free Trade Agreement with the U.S.

- While the current administration recognizes the importance of U.S. investment and the U.S. market, it also places very close attention to the regional markets. The leftist parties have traditionally opposed further privatization of the state sector. However, they are open to some private sector participation in state-owned firms (i.e., AFE and ANCAP).

- Government procurement and bidding processes are generally transparent, but slow. The bureaucracy for obtaining official investment information and procedures is also slow at times.

- High interest rates, limited financing for SMEs, and an almost non-existent capital market can limit market opportunities.

- The current global crisis has slowed down the economy primarily in exporting sectors so far; observers expect the broader economy to be effected during the first semester of 2009.

Market Opportunities

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- Chemicals, Information technology and telecommunication equipment are the top U.S. exports to Uruguay, followed by fertilizers, medical equipment and supplies, and agricultural machinery.

- Uruguay offers good opportunities as a test market for the region, given the small size of its market, respect for the rule of law and good investment climate.

- Uruguay also boasts a highly educated population (97% literacy rate) and a dynamic services sector. Software development in particular is a growing sector, with Uruguay a leading software exporter in Latin America.

- New cellulose investment projects in the pipeline provide opportunities for U.S. companies in the forestry and paper and pulp sectors.

- The major infrastructure projects in the pipeline are:

    - Paraná-Paraguay River Transportation System
    - Renewable Energy Projects
    - Railway Rehabilitation
    - Construction and outfitting of cellulose and chipping plants
    - Port Projects

For detailed information regarding these projects, please refer to Chapter 4.

Market Entry Strategy

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- All import channels exist -- agents, distributors, importers, trading companies, subsidiaries, and branches of foreign firms. Sales outlets and supermarkets are traditional storefronts. There are no discount general merchandisers.

- U.S. suppliers should be thorough in their selection of a local agent or representative. The contractual relationship (employer-employee or commission-based) should be made clear. Failure to do so could result in supplier liability for severance if the U.S. company decides to end the business relationship.

- The best strategy recommended to enter the local market is to visit Uruguay, interview potential partners, and name a representative/agent. Business relationships and creative financing terms are very important.

- U.S. exporters are encouraged to take advantage of the export promotion services provided by the Commercial Section in the U.S. Embassy in Montevideo. Please check in http://www.buyusa.gov/uruguay/en/10.html for the full list of services provided. Another useful site for U.S. exporters is http://www.export.gov.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/2091.htm

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Using an Agent or Distributor

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A helpful way to find a local agent is to take advantage of the export promotion services provided by the U.S. Department of Commerce through the Commercial Section in the U.S. Embassy in Uruguay. For a fee, post will provide a Customized Contact List with up to 10 potential partners with additional information, such as a contact name, e-mail, a brief description of the firm, approximate number of employees, products/services, foreign companies represented, year established, and sales revenue if available.

Another service is the Gold Key Service (GKS) that allows U.S. executives to travel to Uruguay efficiently and effectively for face-to-face meetings with potential business partners. The Commercial Section will prepare a customized schedule of appointments with pre-screened potential agents, distributors, or other business contacts according to the company's needs.

In addition, The ICP (International Company Profile) is an in-depth confidential background report on the local firm. The report includes: local company's contact information, its size/approximate number of employees, products/services, financial and business references, company's reputation, Commercial Section's comments/evaluation.

For the full list of services provided, please check in
http://www.buyusa.gov/uruguay/en/10.html

Establishing an Office

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A new enterprise or the acquisition of an existing Uruguayan company can be done freely. Shell corporations already formed but with no operations are also available for acquisition and can be purchased for about $2,500. It is advisable to contract an experienced attorney who can provide guidance in completing the necessary legal paperwork. The foreign investor is free to adopt any desired legal organization structure. Corporations or branches are most common forms, but a personal partnership is also possible.

Franchising
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Franchising in Uruguay has to date been largely limited to food-related outlets, hotels, and car rental companies. There are no legal restrictions on operating a franchise in Uruguay. For general, please check in http://www.mtgroup-uy.com. For more information or assistance, please e-mail montevideo.office.box@mail.doc.gov

Direct Marketing
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U.S. exporters may sell and ship directly to Uruguayan consumers. Courier packages containing CDs, DVDs, books, and personal items valued at $50 or less are exempt from import tariffs. The relevant regulations, however, are not always uniformly applied and are changed periodically. Telemarketing and e-mail campaigns are on the rise. Direct marketing is also popular in heavily transited street corners and during the summer at beach resorts, where hired promoters distribute flyers and samples of all types of products and services. Inserts in the Sunday edition of major newspapers are also a popular form of direct marketing. Catalog sales are not common as Uruguayans prefer to window shop and personally choose the goods to be purchased.

Joint Ventures/Licensing
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Both joint ventures and licensing are common in Uruguay and generally involve procedures similar to those practiced in most other countries.

Selling to the Government
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A G2B website, http://www.comprasestatales.gub.uy, has been established to increase transparency and reduce government procurement costs. Government agencies issue tenders for the purchase of the products and services.

Distribution and Sales Channels
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All customary import channels exist in Uruguay -- agents, distributors, importers, trading companies, subsidiaries, and branches of foreign firms, among others. Sales outlets are usually traditional storefronts and supermarkets. Very few discount general merchandisers operate in Uruguay.

Selling Factors/Techniques
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Foreign manufacturers with sustained sales in Uruguay generally use the services of an agent or distributor. Nearly all importers/distributors are based in Montevideo, although some maintain sales networks in the Interior as well. A U.S. firm with a local representative has the advantage of keeping up-to-date with local market conditions as well as changes in policies affecting trade.

Uruguay is a good market for both new and used equipment and machinery. Pre-owned and/or refurbished equipment from the U.S. may be marketable to local industry. When making purchase decisions, Uruguayan consumers consider quality, price, payment terms, delivery time, after-sales servicing and compatibility with existing systems.

U.S. manufactured products are regarded as high in quality but occasionally lose price competitiveness vis-à-vis regional products. Also, they are sometimes rated poorly when it comes to financing, which is an important factor in sales in Uruguay. American manufacturers offering flexible, innovative, and competitive credit terms will overcome a difficult hurdle in achieving export sales to Uruguay.

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Uruguay has one of the highest levels of Internet penetration in Latin America, yet its e-commerce figures still tend to be comparatively low.

A 2006 survey */ among internet users reported that 51% (413,000 potential clients) would be likely to purchase products or services if they found items of interest. Eighty-two percent of those surveyed reported that they see the advertisements on the net but, of those, only 19% actually clicked on any advertisement for further information. Local advertisers agree that the Internet serves as a means to promote their products and services, but not to complete business transactions. Almost 71% of Uruguay's 850,000 Internet users live in the capital city of Montevideo and only 9% have done purchases through the Internet. Cellular phones are increasingly used for product promotion.

In 2001-2002, Uruguayan retailers began launching their websites and sales campaigns on-line. However, they soon discovered that they were unable to attract on-line business due to the ongoing recession and the lack of interest among their clients. Because the costs of maintaining their websites became too expensive, many of these companies subsequently removed their websites from the Internet. As the economy began recovering since 2005, companies started to go back to using websites and trying to increase sales on-line. By mid 2007 there were approximately 13,000 ".uy" domains in operation. Local supermarkets and home appliances sales have been the first to pick-up sales over the Internet. The items most frequently purchased on-line from overseas include books, CDs, clothing, hardware, sporting goods, home appliances, toys, games/DVDs, and software. In most cases, the items purchased are unavailable locally. Other factors include lower prices, convenience, and the items' novelty.

The growth of e-business from abroad has also been negatively impacted by the Government of Uruguay's attempts to impose taxes and measures that affect the door-to-door delivery of goods arriving via international couriers. Goods arriving via couriers that cost under $50 enter free of duties.

*/ Latest survey available

Trade Promotion and Advertising Return to top

It is advisable to work with a local advertising agency. "El Pais" and "El Observador" are the leading newspapers in terms of circulation followed by “Cronicas” while "Busqueda" is a highly respected weekly journal. Several major international advertising agencies maintain offices in Montevideo. Television and radio advertising are also popular. During the summer months of December-March, light aircrafts with banners are commonly used to promote new products along the coast. Several local ad agencies produce TV commercials for clients abroad.

The Embassy periodically hosts industry-specific catalog exhibitions and trade missions. It also participates with a commercial booth in some trade fairs. Details concerning these fairs may be obtained from the Commercial Section, U.S. Embassy Montevideo, Tel: (5982) 418-7777, ext. 2325, Fax: (5982) 418-8581or by e-mail at montevideo.office.box@mail.doc.gov.

Catalogs may be sent via regular U.S. mail to:
Econ/Commercial Officer
U.S. Embassy Montevideo
PLEC 4502
APO AA 34035
USA

Pricing

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The Uruguayan market price structure reflects world market prices plus import tariffs and transportation costs. In addition to tariff advantages, products from nearby MERCOSUR countries like Argentina and Brazil enjoy significantly lower transportation costs than do products from the U.S., Europe, and Asia.

A typical price structure for an item imported from the U.S. is as follows
(i.e., restaurant equipment HS code 8509.40.00):

Price (CIF)		**1,000.00**
Import Tariff	**10%**	**100.00**
IMADUNI	**10%**	**100.00**
Bank Charges	**0%**	**0.00**
Extraordinary taxes		**12.00**
T.S.A		**2.00**
V.A.T. (recoverable on sale)	**32%**	**384.00**
Import Surcharge (COFIS)	**0%**	**0.00**
Consular Tax	**2%**	**20.00**
Total Surcharges		**618.00**
TOTAL IMPORTED COST		**1,618.00**

Source: Transaction Database

Sales Service/Customer Support

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Uruguayans consider sales support and customer service important factors when deciding which products to buy. U.S. manufacturers should seriously consider using an agent in Uruguay to provide customer support services. Company representatives resident in neighboring countries are less effective. A local U.S. firm is selling warranty protection that supplements that provided by the original equipment manufacturer.

Protecting Your Intellectual Property

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Introduction

Several general principles are important for effective management of intellectual property rights in Uruguay. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Uruguay than in the U.S. Third, rights must be registered and enforced *in* Uruguay, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Uruguay. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, estoppel by laches, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Uruguay require constant attention. Work with legal counsel familiar with Uruguayan laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Uruguayan and U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhARMA)
- Biotechnology Industry Organization (BIO)

IPR Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at **www.StopFakes.gov**.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: **http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html**
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: **www.StopFakes.gov** This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.
    - For an in-depth examination of IPR requirements in specific markets, toolkits are currently available in the following countries/territories: Brazil, Brunei, China, Egypt, European Union, India, Italy, Malaysia, Mexico, Paraguay, Peru, Russia, Taiwan, Thailand, and Vietnam.
    - For assistance in developing a strategy for evaluating, protecting, and enforcing IPR, use the free **Online IPR Training Module on** www.stopfakes.gov.

- The U.S. Commerce Department has positioned IP attachés in key markets around the world. The Regional Intellectual Property Attaché for Latin America at U.S. Consulate General in São Paulo (Brazil), Dorian Mazurkevich, is the IP attaché who covers Uruguay. He can be reached at dorian.mazurkevich@mail.doc.gov.

IPR Climate in Uruguay

In 1998 and 1999 Uruguay upgraded its trademark and patent legislation to TRIPS standards. Patents are protected by Law 17164 of September 2, 1999. Invention patents have a twenty-year term of protection from the date of filing. Patents for utility models and industrial designs have a ten-year term of protection from the filing date and may be extended for an additional five. The law defines compensation as "adequate remuneration" to be paid to the patent-holder. Some U.S. industry groups believe that the law's compulsory licensing requirements are not TRIPS consistent. On average, filing a medical patent takes two years longer than in the United States. Under the Trademark law passed in September 1998, a registered trademark lasts ten years and can be renewed as many times as desired. It provides prison penalties of six months to three years for violators, and requires proof of a legal commercial connection to register a foreign trademark. Enforcement of trademark rights has improved in recent years as a result of an intense anti-smuggling campaign.

In 2003, coordinating closely with U.S. and international IPR organizations, Uruguay passed new TRIPS-compliant copyright legislation. The 2003 copyright law represented a significant improvement over the 1937 law and led USTR to upgrade Uruguay from the "Priority Watch List" to the "Watch List."

The United States Trade Representative (USTR) removed Uruguay from the Special 301 Watch List in 2006 due to demonstrated progress in IPR, especially with respect to copyright enforcement. The USTR statement commended the “positive progress” and was “encouraged that Uruguay has set a positive example by its efforts to combat piracy and counterfeiting.”

Over 2007, Uruguay made steady progress in protecting intellectual property rights: Parliament ratified the WIPO Performances and Phonograms Treaty (the Copyright Treaty was ratified in late 2006); enforcement continued to improve, thanks in part to the efficient work of an inter-ministerial commission on intellectual property rights; and government and private sector continued to organize training and awareness programs with a positive impact on the Police, the Judiciary and Customs.

Contacts for local IPR registration and enforcement include:

- Uruguayan Disc Chamber (Cámara Uruguaya del Disco, CUD) – www.cudisco.org
- Legal Software (Software Legal del Uruguay) – www.softlegal.org
- Uruguayan Video Association (Unión Uruguaya de Video)
- Asociación de Productores y Realizadores de Cine y Video del Uruguay
- Association of Video Producers, ASOPROD – www.asoprod.org.uy
- Consejo de Derechos de Autor (Ministry of Education, works on copyrights)
- Dirección Nacional de la Propiedad Industrial (Ministry of Industry, works on trademarks and patents)
- General Authors Association (Asociacion General de Autores del Uruguay, AGADU works on copyrights) – www.agadu.org.uy

Due Diligence

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It is advisable to obtain a local attorney before setting up operations in Uruguay or carrying-out substantial amounts of business. Local attorneys can be very helpful in sorting through the red tape and bureaucracy, which may otherwise be frustrating for a newcomer. A list of local attorneys may be obtained from the Embassy's website at http://uruguay.usembassy.gov, under American Citizen Services. For questions or further assistance, please contact montevideo.office.box@mail.doc.gov

Credit reports on Uruguayan firms may be obtained from the Commercial Section through the International Company Profile (ICP). For more information, please click on http://www.buyusa.gov/uruguay/en/11.html.

Local Professional Services

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Equifax: http://www.clearing.com.uy, http://www.equifax.com/
Commercial Defense: http://www.lideco.com.uy/online/html/index.php
D&B Uruguay: http://www.mr.com.uy
PriceWaterhouseCoopers: http://www.pwc.com

For additional services, please click on http://www.buyusa.gov/uruguay/en/17.html

Web Resources

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Newspapers:
Busqueda: e-mail- busqueda@adinet.com.uy Web site not available.
El Observador: http://www.observa.com.uy
El Pais: http://www.elpais.com.uy
Crónicas: http://www.cronicas.com.uy
La Republica: http://www.larepublica.com.uy/
Ultimas Noticias: http://www.ultimasnoticias.com.uy/

T.V.
Channel 4
http://www.canal4.com.uy/
noticieros@montecarlo.com.uy

Channel 5 (TVEO):
tveo@hotmail.com

Channel 10:
http://www.canal10.com.uy/
subrayado@canal10.com

Channel 12:
http://www.teledoce.com/
telemundo@teledoce.com

VTV Uruguaya:
http://www.vtv.com.uy/
prensa@vtv.com.uy

Major AM radios

690 AM Radio Sarandí
http://www.sarandi690.com.uy/

810 AM Radio El Espectador
www.espectador.com

850 AM Radio Carve
www.carve850.com.uy/

870 AM Radio Universal
http://www.22universal.com/

770 AM Radio Oriental
http://www.oriental.com.uy/

930 AM Radio Montecarlo
http://www.radiomontecarlo.com.uy/

1410 AM Libre
http://www.1410amlibre.com/

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Commercial Sectors

- Telecommunications Equipment
- Fertilizers
- Medical Equipment
- IT Computer Hardware
- Renewable Energy Equipment
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- Agricultural Equipment
- Overview Infrastructure Projects

Telecommunications Equipment (TEL)

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	2006	2007	2008
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	0	0	0
Total Imports	170.1	207.2	585.9
Imports from the U.S.	19.4	27.1	38.9

Source: Transaction database – USD million

The growth of mobile communications in Uruguay greatly surpasses the growth of fixed communications (which has become almost stagnant.) In 1997 there were 761,000 landline connections and 100,000 cellular subscribers. By late 2008, there were 998,747 landline connections and over three million cellular subscribers (80% pre-paid), a 106% penetration rate. In 2007, telecommunications represented 3.81% of GDP and grew 18.28% over 2006.

The Uruguayan market is shared by three carriers. The state-owned carrier ANCEL lost its perpetual dominant market position for the first time in mid-2008 falling from 60% in 2006 to 37% in 2008. Spain's Telefónica / Movistar (formerly BellSouth - 39% market share), and Mexico's América Móvil / CTI/Claro (24% market share and rising) complete the market share. BellSouth began service in 1991, ANCEL in 1994, and CTI/Claro in 2005. Stiff competition from the three cellular carriers forced the state-owned telecommunications company ANTEL to discontinue national long distance landline service. All calls within Uruguay are now local calls.

Fueled by aggressive commercial promotions, the number of cellular clients continued to rise and 2008 closed with over three million subscribers representing a 106% mobile teledensity. The cost of cell units is heavily subsidized by the operators in Uruguay and this has created a parallel export market of new cellular units.

Nokia commands a 43% market share, followed by Sony/Ericsson (27%), and Motorola (12%).

In December 2005 the three carriers interconnected their systems to allow for the exchange of short message services (SMS) at a cost of $0.04/message (multi-media message MMS is not yet available). The subsequent explosion in SMS messages resulted in network saturation and as of November 2008 the problem had not been completely resolved, especially at peak holidays. ANCEL recently reported that message sending has become the principal uses of cell phones among teenagers -- more time is spent on sending SMSs (an average of 82 messages a month per user) and more revenue is generated than in actual calls. The average call time per subscriber in 2008 is 52 minutes per month. The three carriers reported total investments of $151 million in 2007.

ANCEL and Movistar operate on 1800MHz and CTI on 1900MHz frequencies. GSM leads the market with 58% participation; CDMA follows with 24%, TDMA with 16%, and AMPS with a 2% share. In a recent press conference, CTI reported an average return per user (ARPU) of $12 per month (against a U.S. industry average of $43,) but consistent with an $11.00 average in the rest of Latin America. According to CTI, this low ARPU could be increased by offering more value-added services (SMS, MMS, mobile TV, etc.) especially to regional tourists during the summer vacation months. 3.5G services were introduced in mid 2007 yet high costs have kept development slow.

The vast majority (80%) of subscribers are pre-paid. Depending on the carrier and time of day, costs per minute in U.S. Dollars range from $0.16 to $0.60. Plans as those offered in the U.S. which include 2,000 anytime free minutes, etc., are unheard of in Uruguay even for subscribers with monthly contracts. An average 70 minute contract fractioned every ten seconds costs approximately $11.

Except for landline calls that remain a state monopoly, Uruguay liberalized the telecommunications market in 2001. The liberalization also created a new regulatory entity (URSEC -- the Unidad Reguladora de Servicios de Comunicaciones) to regulate and oversee the Uruguayan telecommunications market. However, largely because of its significant political influence, the state-owned telephone company ANTEL continues to have a strong grip on the sector. ANTEL also dominates other aspects of the country's telecommunications market through its ISP and cellular subsidiaries ADINET and ANCEL respectively.

ANTEL commands a 77% market share in international long distance calls; the rest is divided among three major and five very minor competitors that cater principally to businesses. ANTEL's ISP subsidiary ADINET commands a similar market share in ISP services. Fixed line teledensity is 80%, one of the highest in Latin America.

Due to its 100% digitalization, advanced telecommunications infrastructure, highly trained population, and relatively low salaries, Uruguay is quickly positioning itself as a preferred location for regional call centers.

HTSUS 8517 (telephone sets) represent almost 50% of total telecommunications imports.

Best Prospects/Services Return to top

Overall, the U.S. maintains an approximately 7% market share in telecommunications-related products. Down from 13% in 2007. This I due mainly to the strong increase of Chinese-made products.

Opportunities Return to top

Given the strong entry of (Claro) CTI in late 2004, combining beefy promotion and low prices, the market for cellular phones and transmission antennas and equipment has risen considerably. Both Telefónica and Claro are increasing their networks to provide national cellular and mobile internet coverage.

Foreign ownership of cable TV is allowed by law. Thirty percent of homeowners are hooked up to cable TV (not counting satellite services.)

In August 2007, Uruguay became the second country in South America to select an HDTV standard. Europe's DVB-T standard was preferred over Japan's ISDB or the U.S.'s ATSC on the assumption that DVB-T allowed the greatest possibilities for local value-added content. In early 2009, ANTEL announced it was beginning negotiations with private-sector providers to offer low-cost triple-play (internet, telephony and television) facilities to local consumers. IPTV will begin test operations in mid 2009. Alkso in early 2009, the Uruguayan Government announced the Plan Cardales, an ambitious five-year $200 million dollar plan to bring internet and cable TV to each Uruguayan household.

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URSEC – Unidad Reguladora de Servicios de Comunicación
http://www.ursec.gub.uy

Movistar (Telefónica)
http://www.movistar.com.uy

CLARO (América Móvil)
http://www.claro.com.uy

ANCEL (ANTEL)
http://www.ancel.com.uy

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Fertilizers

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	2006	2007	2008
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	4.0	16.6	26.0
Total Imports	57.0	126.0	166.0
Imports from the U.S.	20.0	17.0	21.0

Source: Transaction database – USD million

Uruguay is essentially an agricultural country, and the use of fertilizers is increasingly important to maintain good pastures and increase soil fertility levels. Within the chemical sector, fertilizers play a significant role in Uruguay's imports. Uruguay imports 75% of the fertilizers it consumes. Between 1980 and 1990, artificial grasslands increased by 32%.

In 2008, the top four suppliers of raw materials for fertilizers (HS code 3105) were Russia with a 54% market share, the U.S. with 21%, Morocco with 17%, and Brazil with a 4% market share. Over 50% of HS Code 3105 imports were 3105.30.90.00 (diammonium hydrogenorthophosphate, and 35% were 3105.40.00.00 (ammonium dihydrogenorthophosphate and mixtures thereof). In 2007, Uruguay's total imports were $126 million. Russia had a 64% market share followed by the U.S. (17%), Morocco (7%), Tunisia (5%), and other countries (7%).

The poor growth of natural pasture in winter, their medium to low quality, and deficiencies in phosphorus as well as nitrogen in the great majority of soils, has led to the introduction of nitrogen to the ecosystem through the application of inorganic fertilizers.

The use of fertilizers has increased in pasturelands and agricultural crops since the elimination of the 23 percent value added tax and zero import-tariffs.

In Uruguay, the amount of fertilized land varies according to the world price of livestock products. When beef prices decline, ranchers decrease the quantities of fertilizers used for agriculture.

The cost in Uruguay to adequately fertilize a hectare of land is estimated at $35.

Best Prospects/Services

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Imports of fertilizers from the U.S. were worth 21 million dollars in 2008. Agriculture in Uruguay is experiencing a favorable situation, and important growth in the fertilizer sector is expected.

Opportunities

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Best prospects are for U.S. producers of diammonium hydrogen orthophosphate, which is used in grasslands in an average of 150 to 200 kilograms per hectare. Ammonium sulfate and urea are also considered as two essential fertilizers used by Uruguay's agriculture sector. The increased rotation of crops generated in 2008 considerably increased the quantity and variety of chemical products imported for the production of fertilizers. U.S. manufactures of urea, ammonium sulfate, (diammonium hydrogen orthophosphate) and many other related products, will have good sales opportunities in the Uruguayan market.

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Ministry of Agriculture
http://www.mgap.gub.uy

Chamber of Industry
http://ciu.com.uy

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Medical Equipment

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	2006	2007	2008*
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	0	0	0
Total Imports	27	32	41
Imports from the U.S.	9.4	11	14

Source: Transaction database – USD million
Products under HS codes 9018, 9019, 9021 an 9022
* Preliminary figures

Uruguay's demographic picture ensures that the demand for medical supplies and equipment is relatively steady and will continue to be so. Compared to other Latin American countries, Uruguay has an aging society. More than 20% of the population is 65 years and over, and the average life expectancy is 75.

Cardiovascular problems and cancer are the two leading causes of death among Uruguayans over 45 years old. Oncology and pediatric care are key priorities.

Approximately 35 percent of Uruguay's total medical equipment imports are for the public sector while 65 percent are for the private sector.

Customs duties for medical equipment range from 0% to 20%.

All medical products and importers have to be registered and approved by the Ministry of Public Health (MPH). Only local companies approved by the MPH can register equipment, supplies, and pharmaceuticals. The MPH must also approve all purchases; both for the public sector and for private health institutions and clinics.

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The majority of products for local distribution are imported from the U.S., Argentina, Brazil, the EU and China. In 2008, the U.S. was the number one origin of total imports for products that fall under HS codes 90.18 (35%), 90.19 (29%), 90.21 (33%) and 90.22 (44%). Germany, Switzerland. Argentina and Brazil are the key competitors while China is catching up as a supplier. During the period 2005 – 2008, the U.S. has always maintained a leading market share in all medical equipment except in HS codes 90.22.

These imports include: CT scanners, X-ray equipment, angiography and angioplasty, optical and dental instruments and supplies, supplies for blood transfusions and IV, all cardiology and surgical equipment and supplies, catheters, probes and scalps, prosthesis and implants as well as other medical equipment and supplies in general.

Very little production occurs in Uruguay. Except for low-tech monitors, almost none of the medical equipment and surgical supplies sold in Uruguay are produced locally. There is a demand for new, technologically advanced supplies and equipment, particularly those related to non-invasive procedures, ultrasound, magnetic resonance imaging and CT scans.

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The private sector has been investing in equipment and facilities in an effort to provide better and more competitive services. Both public and private institutions turn to U.S. sources for supplies and training/management services. U.S. suppliers should take advantage of these opportunities since professionals and patients value U.S. expertise and equipment. The current administration is undertaken a major health reform that will also require institutions to update their facilities and equipment.

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Ministry of Public Health: http://www.msp.gub.uy
National Fund of Resources (procurement) http://www.fnr.gub.uy

For project and procurement updates check at the Inter-American Development Bank (IADB) and/or World Bank in:

Inter-American Development Bank:
http://www.iadb.org

World Bank:
http://web.worldbank.org/

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IT - Computer Hardware

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	2006	2007	2008 *
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	0	0	0
Total Imports	82	78	142
Imports from the U.S.	39	31	39

Source: Transaction database – USD million

* Preliminary figures.

Government and private sector initiatives to develop technological parks, a growing and strong software sector, combined with increasing Internet usage in Uruguay, have maintained hardware imports at high levels. Although total imports in 2007 declined vis-à-vis 2006, in 2008 the increase was over 47 percent. Projections show a continued increase for 2009 – 2010. There is no local production of hardware. In 2004, a company launched the first local brand but it assembles equipment with imported parts. It is important to highlight that until 2002, the U.S. accounted for approximately 70 percent of total hardware imports. The U.S. market share maintained first place until 2007 place but its share continues to drop due to imports from China and Mexico amongst others. In 2006, the U.S. market share stood at 48%, but dropped to 40% in 2007 and 28% in 2008 while China grew from a 30% market share in 2006 to 60% in 2008. U.S. companies are shipping directly from Asia so exports of U.S. origin drop but U.S. brands maintain their leadership. Yet, importers prefer to purchase from distributors in the U.S.

Various multinationals use Uruguay as a hub for their data and call centers. Sabre, RCI, Merril Lynch, Raymond James and Ta-Ta Consultancy Services, for example, are already using Uruguay's centers in direct network with their head offices. The number of call centers is increasing rapidly.

There are no tariffs for items of MERCOSUR origin; for third countries, the Common External Tariff (CET) ranges from 0 to 16%. However, Information Technologies and Telecommunications fall under a special regime. Items under HS codes 84.71 have a 2% tariff and under 84.73 are exempt of import tariffs.

The current administration has made the One Laptop Per Child (OLPC) program a top priority (locally known as Plan CEIBAL). Hence, sector specialists estimate that imports of hardware will increase since the need for a computer will be considered a basic necessity. Local IT businesses are confident that the demands for equipment and qualified workers will rise over the next few years. In order to achieve the goal set by the Uruguayan IT Chamber (CUTI) of exporting software for $500 million by the year 2010, the industry will need to hire 2,500 employees each year and there will definitely be an increasing demand for equipment. The government is currently also focusing in implementing a recently announced program (Plan Cardal) to provide telephone, cable and Internet service to low income homes across the board.

Best Prospects/Services

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Hardware equipment and accessories traditionally had been the number one import from the U.S. Although the market share has dropped, local clients prefer U.S. distributors. Items under HS code 8471 such as CPUs, monitors, magnetic discs, printers, ATM equipment, hubs, network and digital equipment are key imports. For items under HS code 8473, the key items are boards, memory cards, ink cartridges, parts and accessories, discs, magnetic heads and cards among others. Due to low cost imports from third markets, U.S. exporters must be able to offer competitive prices. The drop is also a consequence of U.S. multinationals shipping from Asia.

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Demand for hardware and accessories will increase due to educational programs, increased Internet access, and continuing modernization of both the private and public sectors. Products need to have competitive prices due to the rise of imports from countries like China, Mexico, Taiwan and Singapore.

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Uruguayan IT Chamber: http://www.cuti.org.uy

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Renewable Energy Equipment

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Renewable energy sources will play an important role in the future of Uruguay. The country needs to strengthen its energy security in order to avoid a recurring energy crisis. Import statistics may be somewhat misleading, as the country has not imported much equipment but projects in the pipeline justify paying attention to the local market.

The Government of Uruguay (GOU) strives to reduce energy costs and reduce the overwhelming dependency on imported resources. Uruguay has no known oil resources and must import 100% of its fuel needs. It also imports energy from Argentina and Brazil. Although the majority of the energy in Uruguay is hydraulic, recent and recurring draughts have caused major energy crises.

The major targets of the current administration (2005 – 2010) have been:

- To focus on production and consumption efficiencies as well as on the security and quality of energy supply.
- To cover basic energy requirements both in terms of quantity and quality for the entire population (3.3 million inhabitants).
- To focus on diversifying energy sources, including the capacity to include natural gas and renewable resources.

The main objective is to develop a matrix that will allow the use of different and/or combined technologies and resources. Improving and increasing the electrical interconnection with Brazil is another priority. The government is currently analyzing the use of coal, and strongly encouraging the production of bio-diesel and ethanol.

The government is also in the process of designing a wind map. First estimates show that the country could install between 200 to 300 MW of wind energy.

Biodiesel and ethanol production provide an opportunity to leverage efforts to achieve energy independence in support of the country's agricultural sector.

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Import statistics are almost non-existent because Uruguay has not imported much equipment for renewable energy. Existing biodiesel plants have been manufactured locally with some imports from the region. However, all of the projects in the pipeline, both public and private, predict a high growth rate with a definite need for imported equipment. Potential buyers are turning to U.S sources since the Brazilian industry is focused only on sugarcane and the equipment available is too large for the Uruguayan market. Government policies will drive further equipment sales to meet requirements for 5 percent biodiesel and 5 percent bio ethanol motor fuel blends by 2012 and 2014 respectively.

The GOU currently is focused on promoting the installation of small power plants throughout the country. A tender for 60 MW was opened with up to 20 MW from each source; wind, small hydro electric and biomass generation.

Opportunities

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Import duties are applied to CIF values. For renewable energy, generators and equipment classified as capital goods do not pay import duties. In other cases, a 14% duty is applied to products that are not from the MERCOSUR member countries (Argentina, Brazil, Paraguay and Uruguay). Best prospects are (in alphabetical order, not ranked):

- ☑ Boilers (local manufacturing exists)
- ☑ Centrifuges
- ☑ Distillery
- ☑ Drying units
- ☑ High efficiency transformers
- ☑ Installation and maintenance training
- ☑ Off-grid generation products and equipment
- ☑ Plant safety
- ☑ Power generation equipment and components
- ☑ Pumps
- ☑ Reactors
- ☑ Research, design and project management
- ☑ Security devises
- ☑ Seed press
- ☑ Settlers
- ☑ Signal conditioners
- ☑ Spare parts and accessories
- ☑ Storage steel tanks
- ☑ Turn-key projects for bio-diesel and ethanol plants
- ☑ Washing equipment

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Ministry of Industry Energy and Mining: http://www.miem.gub.uy

National Directorate of Energy: http://www.dnetn.gub.uy

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Chemicals

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	2006	2007	2008
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	47.0	64.0	70.0
Total Imports	144.00	199.0	299.0
Imports from the U.S.	10.0	13.0	25.0

Source: Transaction database – USD million

In 2008, the four top suppliers of chemicals falling within HS code 3808 were: China (37%), Argentina (30%), Brazil (15%), and the U.S. with (4%) market share. Principal imports corresponded to 3808.93.23.00 (herbicides -- 25%), 3808.93.29.00 (other herbicides – 17%), 3808.92.29.90 (fungicides -- 14%) and 3808.90.29.90 (insecticides -- 15%).

Principal suppliers falling within HS code 3907 were: Argentina (21%), China (17%), India (16%), and the U.S. with (14%) market share.

Principal imports corresponded to: 3907.60.00.00 – 3907.60.00.90 (polyethyleneterephthalate -- 90%) and 3907.91.00.00 / 3907.50.10.00 (other polyestersand resins10%).

The chemical industry is basically an industry of imported raw material transformation. Subsidiaries of multinationals form approximately 60% of the chemical industry. During the last few years, the chemical sector underwent important transformations in investigation and development of new products, and the use of new technologies.

Uruguay's chemical industry is composed of three major sub-sectors:

- Petrochemical industries (including the production of fertilizers),
- Fine Chemistry and production of specialties including production of pesticides for the agricultural sector, pharmaceuticals and hygiene articles, and
- Production of plastics.

Uruguay has no petrochemical industry. It does not produce basic raw materials such as ethylene, propylene, etc. The Uruguayan industry is only involved in the final processing stages.

Fertilizers: ISUSA (Industria Sulfurica Sociedad Anonima) controls Uruguay's fertilizer production. This company has plants of sulphuric and oleum with a maximum capacity of 170 tons/day. Fifty-five percent of the production of sulphuric acid is for the production of fertilizers, while the other 45 % is for the production of other chemical products.

Chemical industries and specially "fine chemistry" have been particularly dynamic in Uruguay since the 1980's. Eighty-five companies integrate Uruguay's pharmaceutical industry. From these, 10 command 47% of the country's sales. However, none of them has gained more than the 10% of the market. There are 65 laboratories, and small and medium firms that have 1/3 of the market. Uruguay's pharmaceutical industry invoices approximately $250 million per year.

Small and medium companies make up the cosmetic industry. Many multinational companies have bought small local firms to market their brand perfumes and cosmetics.

The plastic sector invoices about $180 million per year. Raw material is almost entirely imported from different countries and represents between the 40-50% of the finished product price. Uruguay's Plastic Association is formed by 60 of the 120 companies acting in the country's plastics sector. The sector processes 150,000 tons of plastic material; an important part of that production is for export.

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Regulatory issues:

A special program with the National Environment Office – DINAMA has been implemented for the recycling of plastics. As Uruguayans become more environmentally conscious, plastic recycling equipment may be a good opportunity for U.S. exports.

Opportunities
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In the Plastic Sector, there are good opportunities for U.S. producers of resins for the manufacturer of PET containers. Since almost all the raw material used for the production of fertilizers is imported, this is a very promising market for U.S. firms.

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Chamber of Industry
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Uruguayan Plastic Association
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Construction Equipment

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	2006	2007	2008
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	41.0	36.0	1.0
Total Imports	124.8	189.0	206.0
Imports from the U.S.	5.3	7.0	31.0

Source: Transaction database – USD million

The construction machinery market in Uruguay depends predominantly on imports. In 2008, total imports were valued at US$ 206 million. Brazil held a 42% market share, with US$ 87 million worth of exports, followed by the U.S. (15%), Korea (5%), China (5%), and other countries with (33%) market share. Investment in heavy equipment is likely to continue over the next few years to support important growth in infrastructure construction activity.

Construction is one of Uruguay's most promising sectors today, contributing about 3.2% of Gross Domestic Product. The capital city of Montevideo and resort of Punta del Este are the most important areas for construction, followed by the cities of Fray Bentos, Colonia, Salto and Paysandú. The biggest increase was in the construction of luxury apartment buildings. However, construction of high middle-class and lower-level buildings grew significantly.

The major construction-related projects in the pipeline are:

- New Airport Terminal
- Cellulose Plants
- Port Projects
- Hotel/Casinos
- Residential Construction

Brazil is the main supplier of construction equipment and machinery to Uruguay, with a 42% market share and dominates the heavy equipment segments (bulldozers, levelers, scrapers, and excavators). The major U.S. manufacturers currently present in the Uruguayan market are Caterpillar, Case, New Holland, John Deere, and Ingersoll-Rand.

Best Prospects

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Uruguay is an attractive market for U.S. construction machinery companies wanting to explore new opportunities in South America. Investment in heavy construction machinery is likely to continue over the next few years to support a rapid growth in infrastructure construction (private and public). According to local source, the highest demand in construction machinery is for mobile cranes, machinery for public works, off-highway dumpers, self-propelled bulldozers, grader/levelers, fork-lifts, tractors, mechanical shovels, excavators, road rollers and many other construction related machinery and equipment.

Two major construction projects for more than USD 200 millions are being proposed for the capital city of Montevideo. One of them is the construction of a new shopping center to be located in the outskirts of the city, and the other is the enlargement of the current Punta Carretas Shopping Mall. Both projects could generate opportunities for U.S. construction companies wanting to explore the Uruguayan market.

Used construction machinery has good market opportunities in Uruguay, since it competes in price with new equipment from Japan, China and some countries from Europe.

U.S. manufacturers offering flexible, innovative, and competitive credit terms fare best in achieving export sales to Uruguay.

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Uruguayan Construction Chamber (CCU) – www.ccu.com.uy

Association of Private Promoters of Construction (AAPCU) – www.appcu.org

Chamber of Industries (CIU) – www.ciu.com.uy

National Statistics Institute (INE) – www.ine.gub.uy

Uruguayan Real Estate Chamber (CIU) – www.ciu.org.uy

Construction Publications:

- En Obra - www.appcuy.org
- Ciudades – www.ciu.org.uy

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Agricultural Machinery (AGR)

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	2006	2007	2008
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	0	0	0
Total Imports	62.9	123.5	139.7
Imports from the U.S.	6.9	16.9	17.7

Source: Transaction database – USD million

Stimulated by the rising prices of international agricultural commodities and Uruguayan land prices, Uruguayan farmers have been investing heavily in the renewal of their stock of agricultural machinery and equipment. In the first six months of 2008, imports of agricultural machinery and equipment surpassed total imports in 2007, and 2007 imports had increased 100% over 2006 figures. Agriculture plays the most important role in Uruguay's economic, political, and social sectors. It represented 9% of GDP in 2005 (with a growth of 3.2%), 9% of GDP in 2006 (with a growth of 8.3%), and 10% of GDP in 2007 (with a growth of 2.8% over 2006.) During the first five months of 2008 (Jan – May), agricultural exports increased 128% compared to the same timeframe in 2007. Almost 61% of 2008 exports (Jan – May) came from the agricultural sector. In 2007, 55% of Uruguayan exports were from the agricultural sector.

Uruguay should continue to present reasonable opportunities for U.S. suppliers of agricultural machinery during the next several years, a market in which it has traditionally been the third largest supplier, preceded by neighbors Brazil and Argentina. U.S. brands lead the market yet most equipment is manufactured in Brazil. Agricultural machinery is not subject to any import duties. There is strong demand for pre-owned and refurbished machinery. Uruguay is the world's sixth largest rice exporter (the U.S. is the fourth). Revenues of rice exports amounted to 500 million in 2007. 2007 imports of fertilizers increased 50% in terms of tons (a total of 732,000).

Best Prospects/Services

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The market for agricultural equipment is virtually 100 percent supplied by imports. The best sales prospects for U.S. equipment are as follows (not in specific order):

- ✓ Data collection equipment such as global positioning systems, yield monitoring, soil sampling, crop and field scouting, and remote sensing technologies used for monitoring soil properties and crop conditions. Only seven or eight percent of agricultural producers currently operate such equipment.

- ✓ Laser-controlled earth-leveling machinery.

- ✓ Computerized management systems (such as used for livestock). Agrifood machinery and equipment used by food processing companies may also provide opportunities. These could include grain processing equipment, fruit and vegetable processing equipment (separation, cleaning, etc.), meat processing equipment, poultry production equipment, etc.

- ✓ Chutes to discharge harvested grains into different storage devices.

- ✓ Advanced turbine sprayers (and associated pumps.)

- ✓ Combines and other harvesting equipment.

- ✓ Agricultural Tractors: sales of tractors in 2007 approached the all-time-high 800 units/year record for Uruguay, and up from approximately 500 units sold in 2005.

- ✓ Parts and accessories for harvesters and tractors: demand is expected to increase in line with increased utilization of machinery. Farmers expect to plant 15% more crops in 2008 over 2007.

- ✓ Cultivators and other solid preparation equipment (including plows, harrows, cultivators, seeders, and fertilizer spreaders.)

- ✓ Pre-owned and refurbished machinery with good post-sales service will find good prospects if a supplier will ensure reliable and steady part supplies.

- ✓ Greenhouse and other vegetable production equipment.

- ✓ Irrigation equipment: increasingly used to improve yields in Uruguay's increasingly unpredictable rainfall.

- ✓ Dairy equipment: Uruguay is a major producer of dairy products. Milk production for 2008 is estimated at 1.5 billion liters (approx 411 million gallons), an 8% increase over 2007 figures. In 2007, Uruguay exported $346 million worth of dairy products (of which 67% was cheese and powdered milk), an increase of 23% over 2007 figures. There are 3,346 farms in Uruguay dedicated exclusively to dairy production covering in excess of two million acres.

- ✓ Of particular interest is the growth of green-housing production of organic products that according to some estimates has more than doubled over the last five years. Uruguay has officially branded its natural and organic products "Uruguay Natural."

- ✓ Storage buildings, silos, etc. Prefabricated, light, inexpensive farm storage buildings have a good market in Uruguay.

Opportunities Return to top

Given the lengthy draught Uruguay is suffering, irrigation and well-drilling equipment should also have excellent market opportunities.

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http://www.buyusa.gov/Uruguay/en

Uruguayan Ministry of Agriculture
http://www.mgap.gub.uy/opypa

Uruguayan Rural Association
http://www.aru.org.uy

Overview Infrastructure Projects

There are major infrastructure projects in the pipeline that U.S. exporters of goods and services should follow-up on. For up-dates and more information, please contact montevideo.office.box@mail.doc.gov.

Opportunities

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- **Paraná-Paraguay River Transportation System:** The governments of Uruguay, Argentina, Brazil, Paraguay, and Bolivia are working together on what has become the largest Latin-American "regional integration" project, the joint use of the 2,500-mile long Paraná-Paraguay-Uruguay river system for the transportation of goods from these five countries to the Atlantic Ocean. The ongoing project calls for investment in civil construction, dredging and maintenance, ports (including equipment) and fleet. Further opportunities for U.S. involvement lay in the development of waterway administration. While the fate of the waterway remains uncertain due to environmental concerns, intensive work is being done in dredging and rock removal.

- **Energy:** The main objective of the current administration is to develop a matrix that will allow the use of different and/or combined technologies and resources. Improving and increasing the electrical interconnection with Brazil is another priority. The government is currently analyzing the use of coal, and strongly encouraging the production of bio-diesel and ethanol. The government is also in the process of designing a wind map. First estimates show that the country could install between 200 to 300 MW of wind energy. Biodiesel and ethanol production provide an opportunity to leverage efforts to achieve energy independence in support of the country's agricultural sector. ANCAP (state oil monopoly) started rounds soliciting interested bidders for exploration – "Uruguay Round 2009". It will be qualifying interested bidders for offshore explorations and exploitation of hydrocarbons until May 15, 2009. Final proposals should be submitted from June 14 up to opening on July 1, 2009 at 2:00 pm, local time.

- **Railway Rehabilitation:** The railway system has been in constant decline for several decades. Except for very short stretches of the suburban grid, passenger service was discontinued in 1988. Besides sporadic purchases of cargo wagons, passenger wagons, and signaling systems, the current administration plans to call for the total revamping of the railway system and investors are being actively sought.

This would include the rehabilitation and maintenance of approximately 650 miles of Uruguay's railroad grid and the association of a private operator for cargo transportation basically for timber and wood products.

The Ministry of Transportation has identified the following stretches for the rehabilitation project:

- Montevideo Metropolitan grid: approximately 16 miles,
- Montevideo - Rivera stretch (on the border with Brazil): approximately 350 miles, for the transportation of lumber;
- Montevideo - Rio Branco stretch (on the border with Brazil): approximately 280 miles, for the transportation of rice;
- Montevideo - Minas stretch: approximately 80 miles, for the transportation of minerals (mainly cement).

Calls for expressions of interest were issued in December 2006. As of December 2008, no final awards had been made for either the railway rehabilitation project or the private-sector association project for the transportation of wood products. The first due to what the Government considered excessive bidder costs and the second due mainly to political resentment in handing over the cargo services to a private operator.

- **Construction and outfitting of cellulose and chipping plants:** In late 2007 Finland's forestry firm Botnia began operating its 1.5 billion-dollar cellulose plant (Uruguay's largest-ever foreign investment). Spain's ENCE began construction of a $2.0 billion plant in January 2008 but is now on a holding pattern due to the global economic environment. Completion of the plant was initially planned for 2010. Weyerhaeuser, a U.S. company in Uruguay since 1997, completed the construction of a major plywood plant in 2007 and has plans to build additional plants over the next few years, again depending on the economic environment. Finland's Stora-Enso, Portugal's Portucel, Japan's Nippon Paper, and the U.S.'s International Paper have also expressed interest in constructing pulp-processing plants in Uruguay. The U.S.'s Fulghum Fibre inaugurated a plant in late 2008. It produces 300,000 metric tons of eucalyptus chips/year.

- **Port projects:** The construction of a new fishing dock and a forestry terminal in Montevideo are the Port Administration's (ANP) major projects for 2009. Dredging projects are frequently tendered. The ANP has also announced the possibility of requesting bids for the construction and operation of a third major container terminal (the two current terminals are operated by a Uruguayan consortium – Montecon, and Belgium's Katoen-Natie.) Portugal's Portucel plans on deepening and expanding the Atlantic Port of La Paloma in case it should decide to centralize its forestry production in that area of the country.

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Other resources:

National Ports Administration (ANP): http://www.anp.com.uy
National Railway Administration (AFE): http://www.afe.com.uy

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Processed Food and Beverages, and Food Ingredients

MARKET OVERVIEW

As the Uruguayan economy continues to expand, although at a slower pace mainly due to the international economic crisis, imports of U.S. food and beverages (F&B) and food ingredients are expected to increase. The primary reasons are as follows:

1) High sanitary standards
2) Higher competitiveness because of the depreciation of the U.S. dollar vis-à-vis the euro, and
3) The influence of U.S. culture, encouraged by cable TV, the Internet, and an increase in Uruguayans traveling and studying in the United States.

Traditionally, Uruguay was, and will continue to be, a net importer of several F&B and ingredients, which it does not produce domestically. With a purchasing power that has been steadily rising, best prospects are for high-value F&B products and "commodity-type" products which are not manufactured locally, and food ingredients.

I) Imported F&B which are not produced locally, or whose production is not enough to supply the domestic market include:

- pepper and other condiments, kiwifruit, grapefruit, tropical fruits, chewing gum, candy, bonbons, snacks, sauces, food preparations, chocolate, dehydrated potatoes, alcoholic beverages, energy drinks, beverage preparations, and pet food.

II) Food ingredients, especially those used for the manufacturing of more sophisticated products include:

- nutritional ingredients, dried fruits and nuts, cocoa paste/butter, additives, ingredients for the dairy and processed meat industries.

Some well-known types of F&B, which traditionally have a stable demand in Uruguay, are imported and packaged domestically (e.g., whisky, which accounts for the highest level of consumption in the region).

Prices of U.S. F&B products are relatively higher than their counterparts manufactured locally. However, prices are not expected to be an obstacle for imported foods among the most affluent segment of the population.

Uruguay has no quotas or restrictions, and reasonable transparent labeling and sanitary requirements. Most FDA-approved processed F&B can be imported into the country.

Exports of U.S. food products to Uruguay have very good potential. Imported food products for mass consumption are typically purchased from Argentina, Brazil, and Chile, while imports from Europe and the United States are aimed at the middle and higher income sectors. U.S. companies with competitive prices should consider tapping the mass market through the development of the private label concept.

Post foresees increased opportunities for U.S. food ingredients, especially for the dairy and processed meat sectors due to the following: (1) most local companies, after the devaluation of 2002, have become very competitive in world markets and have been focusing on increasing production and expanding exports; (2) the privileged sanitary status of Uruguay has also fostered a higher demand of ingredients for the manufacturing of products of animal origin to supply export markets. In addition, because many food ingredients are not produced locally, they must be imported. Food ingredients from the U.S. are considered as high quality and innovative.

Best High-Value Product Prospects

Traditionally, Uruguay was, and will continue to be, a net importer of several F&B and ingredients, which it does not produce domestically. Under the current economic situation, which combines a strong dollar compared to the Uruguayan peso, and a gradually recuperating purchasing power, best prospects are for high-value F&B products and "commodity-type" products which are not manufactured locally, and food ingredients.

I) Imported F&B which are not produced locally, or whose production is not enough to supply the domestic market include:

- pepper and other condiments, kiwifruit, grapefruit, tropical fruits, chewing gum, candy, bonbons, snacks, sauces, food preparations, chocolate, dehydrated potatoes, alcoholic beverages, energy drinks, beverage preparations, and pet food.

II) Food ingredients, especially those used for the manufacturing of more sophisticated products include:

- nutritional ingredients, dried fruits and nuts, cocoa paste/butter, additives, ingredients for the dairy and processed meat industries.

Some well-known types of F&B, which traditionally have a stable demand in Uruguay, are imported and packaged domestically (e.g., scotch, which accounts for the highest level of consumption in the region).

Outlook for U.S. Exports of Food and Beverage Products

Advantages

- Most Uruguayan consumers are aware of the wide variety and high quality of U.S. F&B.
- Influence of U.S. culture is significant and transmitted through cable TV, the Internet, and Uruguayans traveling or studying in the United States.
- Supermarkets are willing to have imported F&B on the shelves as a tool to differentiate from other retailers.

- During the past few years, the self-serve format and the display of food products have improved remarkably.
- Large supermarket chains are logistically ready to import foods directly.

- Cold storage facilities are good and can easily meet manufacturers´ requirements.
- After the competitiveness gained with the devaluation of the Uruguayan peso against the dollar, the expansion of the food processing industry, primarily to supply export markets, created very good opportunities for U.S. food ingredient imports.
- There has been greater exposure of local retailers to U.S. exporters and products through FAS-sponsored marketing activities.

Challenges

- Recession and the economic crisis of 2002 fostered import substitution with domestically produced F&B, whose quality improved significantly as a result of technological investments during the 1990´s.
- While purchasing power is on the rise, a still relatively high unemployment rate limits sales of imported F&B.
- In general, MERCOSUR intra-regional trade pays zero import tariffs, which prompts strong competition primarily from Argentina and Brazil. Import tariffs for other countries vary between 20-23 percent for most F&B.
- The relatively small size of the market and small import volumes discourage U.S. suppliers.
- There has been a lack of interest/responsiveness of U.S. F&B suppliers vis-à-vis the Uruguayan market.

Uruguayan official entities regulating F&B imports are as follows:

Montevideo City Hall – Food and Health Service (Intendencia Municipal de Montevideo – Bromatología)

Web: http://www.montevideo.gub.uy

Uruguay's Technological Laboratory (Laboratorio Tecnológico del Uruguay - LATU)

Web: http://www.latu.org.uy

Ministry of Livestock, Agriculture, and Fisheries (Ministerio de Ganaderia, Agricultura y Pesca – MGAP)

Web: http://www.mgap.gub.uy

National Meat Institute (Instituto Nacional de Carnes – INAC)

Web: http://www.inac.gub.uy

National Wine Institute (Instituto Nacional de Vitivinicultura -- INAVI)

Web: http://www.inavi.com.uy

Ministry of Public Health (Ministerio de Salud Publica – MSP)

Web: http://www.msp.gub.uy

Animal Genetics (Bovine Semen)

Thousand US$ (FOB)	2006	2007	2008
Total Imports	1,227	1,485	2,240
Imports from the U.S./U.S. market share %	546/45	677/46	1,332/60

Source: Global Trade Atlas

In 2008, Uruguay imported bovine semen for over $2.2 million, with a U.S. market share of 60%, compared to 46% in 2007 and 45% in 2006. Semen imports increased significantly, especially in value, due to two main reasons: 1. during the past couple of years, livestock producers have been importing high-value semen, mainly from the U.S., to improve their herd and taking advantage of their excellent financial situation (Uruguayan beef exports in 2008 reached record levels in value), and 2. New Zealand investment groups have recently started operations in Uruguay and began sourcing high-value semen imports from their country.

Uruguay has approximately 390,000 dairy cows (mostly Holstein) and 4.1 million beef cows (roughly 70% Hereford and 30% Angus). Of the total imported semen, dairy breeds account for about 70% (Holstein), and beef breeds account for the remaining 30%, of which about 60% is Angus semen, and 40% Hereford semen. During the past few years, there has been an increasing demand for imports of Angus semen.

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Import Tariffs

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A MERCOSUR Common External Tariff (CET) on imports from non-member countries entered into effect on January 1, 1995. As of 2008, the CET rates range between 0% and 20%, with an average of 10.4%. MERCOSUR´s general rule is to apply a higher CET on higher value-added imports.

The number of special import regimes in member countries, and national and sector lists of exceptions have greatly eroded the bloc's CET. According to recent estimates, the CET is effectively charged on under 40% of MERCOSUR´s extra-bloc imports. Each MERCOSUR member is free to choose the goods to include in its national lists of exceptions. Uruguay has 100 exceptions allowed until 2016 and 125 additional ones until 2010. In turn, sector lists grant differential treatment to imports of capital goods, IT and telecommunications in MERCOSUR countries. Uruguay´s list of capital goods is due to expire in 2009 and its list on telecommunications and IT goods in 2016. However, in the past MERCOSUR has frequently extended the term of such lists. For further information on MERCOSUR´s CET visit http://www.mercosur.int

The GOU applies import tariffs that are lower than the bloc's CET for the vast majority of goods included in the lists. Most goods entering Uruguay from MERCOSUR countries are exempt from import tariffs. Tariffs on non-locally-produced raw materials, intermediate goods and consumer goods range from 2 – 6%, 8 – 6% and 10 – 20%, respectively. Uruguay applies preferential tariffs on the import of vehicles and supplies for agriculture and hotels. The Uruguayan Government also gives special treatment to imports of raw materials and other inputs for the production of export goods.

Trade Barriers

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Quotas were eliminated in the mid-1970s and non-tariff barriers, including reference and minimum import prices, were substantially reduced in the 1990s. Certain imports (e.g.

firearms, radioactive materials, fertilizers, vegetable products and frozen embryos) require special licenses or customs documents. Bureaucratic delays may also add to the cost of imports, although importers report that a “de-bureaucratization” commission has improved matters.

Reference prices and a few remaining minimum export prices were eliminated in 1994 and 2002, respectively. In 2002 and 2003, Uruguay imposed specific import duties and inconvenient financing terms to discourage some imports from Argentina.

Uruguayan importers are required to pay a 4% ad-valorem tax on all freight arriving via foreign-registered airlines. Freight that arrives by the national airline, PLUNA, is exempt from the tax. A civil aviation agreement between Uruguay and the United States provides for equal treatment between U.S. and Uruguayan airfreight carriers. U.S. carriers are therefore also exempt from this tax.

Import Requirements and Documentation

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Only commercial firms, industrial firms, or individuals listed in the registry of importers may legally import products into Uruguay. A pro-forma invoice is required to start with the import procedures. Importers must use an agent to handle their customs entries. Required documents are standard and must include certificate of origin.

U.S. Export Controls

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Most export transactions do not require specific approval from the U.S. Government. In order to legally complete certain export transactions, an exporter must obtain a special export license in advance. Licenses are required in certain situations involving national security, foreign policy, short supply, nuclear non-proliferation, missile technology, chemical, and biological weapons, regional stability, crime control, or terrorist concerns and high performance computers amongst other products.

For additional information, please check in:
http://www.bis.doc.gov/licensing/exportingbasics.htm

Temporary Entry

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Products may be imported under temporary admission or drawback provisions. Products imported under temporary admission provisions are exempt from import duties but must be re-exported within 18 months.

Temporary admission is for processing, assembling, transforming or integrating imported inputs to the final production of exported goods. This system aims to improve Uruguay’s foreign competitiveness while it reduces costs of imported items.

The system covers: raw materials; parts and accessories; motors; packaging and packaging materials; matrix, molds and models; intermediate goods; agricultural products; products that are part of production process.

Labeling and Marking Requirements

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Labeling and marking requirements for all imported products are controlled by LATU (Technical Laboratory), Ministry of Public Health, and municipal offices. Basically, labels must contain a Spanish-language description of the main ingredients of the product, country of origin, expiration date, net weight, and the full name and address of the Uruguayan importer (plus validity and cooking instructions in the case of foodstuffs). Imported products may include the original label of the country/language of origin but should have a sticker/label attached to the package with the information requested by Uruguayan authorities. Manuals, product literature, and other written materials, while not required, will be more useful if written in Spanish. A consumer defense law, approved in 2000, regulates labeling requirements.

U.S. companies that can adapt their labels to local standards have a competitive advantage.

Prohibited and Restricted Imports Return to top

Occasionally, the government bans imports of certain food articles and pet food containing ingredients that are prohibited or are originating from areas declared by the World Health Organization to be unfit. The municipality of Montevideo imposes strict, and at times, outdated and arbitrary regulations regarding the composition of food articles (e.g. dyes, etc.). Imports of used cars are prohibited.

Customs Regulations and Contact Information Return to top

The National Customs Directorate, which falls under the Ministry of Economy and Finance, dictates on all customs regulations. Decree Law 15.691 dated December 7, 1984 regulates the current system.

Ricardo Prato
National Customs Director (Director Nacional de Aduanas)
Rambla 25 de Agosto de 1825 s/n
Montevideo, Uruguay
Tel: (5982) 916-2141; Fax: 916-4691
http://www.aduanas.gub.uy

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Uruguay uses the metric system of weights and measures. The Laboratorio Tecnologico del Uruguay (LATU – http://www.latu.org.uy) is the officially approved agency that controls standards and quality control of imports and exports. A national quality committee reviews and recommends issuance of ISO 9000/9001 certificates, if warranted. The Uruguayan Institute of Technical Norms (UNIT – http://www.unit.org.uy carries out certification and elaborates technical norms. It is the exclusive representative of ISO, IEC, and the World Quality Council (WQC) in Uruguay.

Standards Organizations

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Laboratorio Tecnologico del Uruguay - LATU	http://www.latu.org.uy
Uruguayan Institute of Technical Norms (UNIT)	http://www.unit.org.uy

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: http://www.nist.gov/notifyus/

Product Certification

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UNIT and ASTM signed a Memoranda of Understanding (MOU) in November 2001. For more information check for MOUs in: http://www.astm.org/cgi-bin/SoftCart.exe/SNEWS/JANUARY_2002/intl_jan02.html?L+mystore+gswn7960

UNIT (http://www.unit.org.uy) is the official Certification office for all industries with the exception of beef it is the National Institute of Beef (INAC http://www.inac.gub.uy).

Publication of Technical Regulations

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Labeling and Marking

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Labeling and marking requirements for all imported products are controlled by LATU (Technical Laboratory), Ministry of Public Health, and municipal offices.

Trade Agreements

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Uruguay is a member of the World Trade Organization (WTO) and the Latin American Integration Association (ALADI, a Montevideo-based trade association that includes ten South American countries plus Mexico and Cuba). Uruguay holds numerous bilateral trade agreements of different depth with ALADI partners. In 2004, Uruguay and Mexico deepened a 1999 agreement, which resulted in Uruguay's first comprehensive trade agreement with a non-MERCOSUR country. Uruguay is a founding member of MERCOSUR and Montevideo is the headquarters of its Secretariat and its Parliament. MERCOSUR has free trade agreements with Chile, Bolivia, Ecuador, Peru, Colombia, Venezuela and Israel. Uruguay's trade relations with neighboring Argentina and Brazil are particularly important and there are separate arrangements for certain products, mainly vehicles.

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Uruguayan Technological Lab (LATU)	http://www.latu.org.uy
Uruguayan Institute of Technical Norms (UNIT)	http://www.unit.org.uy
Diario Official (national gazette)	http://www.impo.com.uy
Communication Regulatory Agency:	http://www.ursec.gub.uy
Energy and Water Regulatory Agency:	http://www.ursea.gub.uy

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Openness to Foreign Investment Return to top

The Government of Uruguay recognizes the important role foreign investment plays in economic development and works to maintain a favorable investment climate. Aside from a few sectors in which foreign investment is not permitted, there is neither de jure nor de facto discrimination toward investment by source or origin, and national and foreign investors are treated equally.

The Uruguayan Government's (GOU)'s Law 16906, adopted in 1998, declares promotion and protection of national and foreign investment to be in the nation's interest. The law states that: (1) foreign and national investments are treated alike, (2) investments are allowed without prior authorization or registration, (3) the government will not prevent the establishment of investment in the country, and (4) investors may freely transfer abroad their capital and profits from the investment.

The Frente Amplio administration, which took office in March 2005, has continued to stress the importance of local and foreign investment for social and economic development and has aimed to double Uruguay's investment/GDP ratio during its term by attracting direct foreign investment, developing the local capital market, and improving existing legislation on investment.

The GOU has pursued sound macro economic policies, and has reduced its vulnerability to external shocks by diversifying its markets and strengthening its financial sector and reserves. The GOU hopes these steps will help mitigate some of the impact of the current financial crisis.

Decree 414/07, adopted in November 2007, provides additional incentives to investors, streamlined procedures for firms requesting tax exemptions, and established a single-window mechanism to channel investment requests and guide investors (see Performance Requirements and Incentives).

Law 18092 (passed in 2007), which requires corporations that purchase land to use registered shares held by individuals – instead of bearer shares – caused some foreign investors to put planned investments on hold. The GOU later exempted some large foreign firms from this requirement. The government has also passed labor legislation, which, in the view of most business chambers, overly protects workers' rights and which some analysts believe has led to a number of widely publicized labor conflicts resulting in the occupation of workplaces.

In general, the GOU does not require that firms receive specific authorization to set up operations, import and export, make deposits and banking transactions in any particular currency, or obtain credit. Screening mechanisms do not apply to foreign or national investments, and special government authorization is not needed for access to capital markets or to foreign exchange. In tenders for private participation in state-owned sectors, foreign investors are treated as nationals and allowed to participate in any stage of the process. Bidders on tenders should be prepared for a lengthy adjudication process.

Uruguay has a history of maintaining state monopolies in a number of areas where direct foreign equity participation is prohibited by law. While privatization is widely opposed by the population, some of the government-run monopolies have been dismantled over the past few decades, and private sector participation in the economy has increased significantly. Several state-owned entities have contracted with foreign-owned companies to provide specific services for a given period of time under Build-Operate-Transfer (BOT) regimes. While basic telephone services remain a monopoly, government-owned ANCEL, Spain's Telefonica, and Mexico's America Movil provide cellular services. International long distance calling, data transmission, and value-added services are also open to the private sector. The Telecommunication and Postal Services regulatory agency (URSEC) aims to preserve a level playing field for private and public firms, but it sometimes lacks the strength to enforce regulations on government-owned ANTEL.

Other sectors have varying levels of private sector participation. Although private power generation is allowed, the state-owned power company, UTE, still holds a monopoly on wheeling rights. The state-owned oil company, ANCAP, remains the only importer and refiner of petroleum products. The government has been planning to associate ANCAP with foreign partners, especially in the area of off-shore exploration. For the latter, ANCAP organized an international road-show, including an event in the U.S. for interested oil companies. In the ports, private companies provide most services. The national airline PLUNA is 75% owned by a consortium of U.S. investors. The insurance and mortgage sectors are de-monopolized, but workers compensation insurance remains a government monopoly. An October 2004 constitutional amendment, approved by 64% of voters, declared water a national resource to be controlled exclusively by the State. The state-owned rail company AFE may select a private operator for its cargo railway system in 2009.

The World Bank's 2009 "Doing Business" Index, which ranks 181 countries according to the ease of doing business in each one of them, placed Uruguay 109th globally and 8th within the Latin American region (17 countries). Uruguay gets high scores in the categories "getting a credit" and "closing a business," and lower marks in "paying taxes", "registering property," and "dealing with construction permits."

Although U.S. firms have not encountered major obstacles in Uruguay's investment climate, some have been frustrated by the length of time it takes to complete bureaucratic procedures and tenders, and by numerous changes in tax codes and regulations since 2001.

Uruguay and the United States signed a Bilateral Investment Treaty (BIT) in November 2005, which entered into force on November 1, 2006 (available at www.ustr.gov/Trade_Agreements/BIT/Section_Index.html
and http://uruguay.usembassy.gov). Uruguay and the United States also signed an Open Skies Agreement in late 2004 (ratified in May 2006), a Trade and Investment Framework Agreement (TIFA) in January 2007, and a Science and Technology Cooperation Agreement in April 2008. Under the TIFA, in 2008, both countries signed agreements on business facilitation and environment.

Conversion and Transfer Policies Return to top

Uruguay maintains a long tradition of not restricting the purchase of foreign currency or the remittance of profits abroad, even during the 2002 banking and financial crisis. Foreign exchange can be freely obtained at market rates.

Article 7 of the U.S.-Uruguay BIT provides that both countries "shall permit all transfers relating to investments to be made freely and without delay into and out of its territory." The agreement also establishes that both countries will permit transfers "to be made in a freely usable currency at the market rate of exchange prevailing at the time of the transfer."

There are no restrictions on technology transfer.

Expropriation and Compensation Return to top

In the event of expropriation, the Uruguayan Constitution provides for the prompt payment of "fair" compensation.

Article 6 of the U.S.-Uruguay BIT rules out direct and indirect expropriation or nationalization, except under certain very specific circumstances. The article also contains detailed provisions on how to compensate investors, should expropriation take place.

Following the constitutional amendment on water services, the GOU took over the operations of URAGUA, a Spanish water company that had operated locally from 2000 through 2005. The GOU and URAGUA subsequently reached a negotiated settlement.

Dispute Settlement Return to top

The investor may choose between arbitration and the judicial system to settle disputes. Uruguay became a member of the International Center for the Settlement of Investment Disputes in September 2000. Uruguay's legal system is based on a civil law system derived from the Napoleonic Code, and the government does not interfere in the court system. Corruption is not a major problem and the Judiciary is independent.

Performance Requirements and Incentives

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Article 8 of the U.S.-Uruguay Bilateral Investment Treaty bans countries from imposing seven forms of performance requirements to new investments, or tying the granting of existing or new advantages to performance requirements.

Current investment law treats local and foreign investors equally and does not provide preferential tax deferrals, grants, or special access to credit for foreign investors. Consequently, foreign investors are not required to meet any specific performance requirements. Furthermore, foreign investors are not inhibited by discriminatory or excessively onerous visa, residence, or work permit requirements. The government does not require that nationals own shares or that the share of foreign equity be reduced over time, and does not impose conditions on investment permits.

The GOU grants two kinds of benefits to investors: automatic and discretionary. Automatic tax incentives apply for personnel training, research and scientific and technological development, reinvestment of profits, and investments in industrial machinery and equipment.

There are also special regimes in place to promote manufacturing, domestic trade, services, the tourism industry, forestry and citrus plantations, the hydrocarbons exploitation process, the media industry, broadcasting and film exhibition and distribution, the maritime industry, and air and sea navigation companies. None of these regimes discriminate against foreign investors.

Discretionary benefits (in the sense investors must submit an investment plan to be approved by the government) include tax exemptions on imports of fixed assets, exemption of the corporate net wealth tax on chattel goods, reimbursement of VAT on local purchases of goods and services for construction and significant exemptions from corporate income tax.

Decree 414/07 regulates Law 16906 and provides significant tax incentives to a broader base of firms. The principal incentive consists in the deduction from income tax of a share of total investment (ranging between 60% and 100%) for a 25-year term. The size of the benefit to be granted is determined according to the size of the investment and a pre-defined list of criteria, including the project's: (1) generation of jobs; (2) contribution to R+D and innovation; (3) impact on GDP, exports, and local value added; (4) contribution to geographic decentralization; and (5) use of clean technologies. The decree also streamlined procedures for firms requesting tax exemptions and established single-window mechanisms to channel investment requests and guide investors. Foreign and local investors reacted positively to the new incentives.

A government decree establishes that government tenders will favor local products or services, provided they are of equal quality and not more than 10 percent more expensive than foreign goods or services. U.S. and other foreign firms are able to participate in government-financed or subsidized research and development programs on a national treatment basis.

Right to Private Ownership and Establishment

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Private ownership does not restrict a firm or business from engaging in any form of remunerative activity, except in two areas -- national security interest, and legal government monopolies (see Openness to Foreign Investment). One hundred percent foreign ownership is permitted, except where restricted for national security purposes.

Protection of Property Rights

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Secured interests in property and contracts are recognized and enforced. Mortgages exist, and there is a recognized and reliable system of recording such securities. Uruguay's legal system protects the acquisition and disposition of all property, including land, buildings, and mortgages. However, execution of guarantees is usually a slow process.

Uruguay is a member of the World Intellectual Property Organization (WIPO), and a party to the Bern and Universal Copyright Conventions, as well as the Paris Convention for the Protection of Industrial Property. In 1998 and 1999, it also passed trademark and patent legislation. In 2003, coordinating closely with U.S. and international IPR organizations, Uruguay passed new TRIPS-compliant copyright legislation. The United States Trade Representative (USTR) removed Uruguay from the Special 301 Watch List in 2006 due to progress in IPR, especially with respect to copyright enforcement. The USTR statement commended the “positive progress” and was “encouraged that Uruguay has set a positive example by its efforts to combat piracy and counterfeiting.”

The 2003 copyright law represented a significant improvement over the 1937 law and led USTR to upgrade Uruguay from the "Priority Watch List" to the "Watch List." Uruguay signed the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) in 1997. Parliament ratified the WCT in October 2006 (Law 18036) and the WPPT on February 20, 2008 (Law 18253).

Patents are protected by Law 17164 of September 2, 1999. Invention patents have a twenty-year term of protection from the date of filing. Patents for utility models and industrial designs have a ten-year term of protection from the filing date and may be extended for an additional five. The law defines compensation as "adequate remuneration" to be paid to the patent-holder. Some U.S. industry groups believe that the law's compulsory licensing requirements are not TRIPS consistent. On average, filing a medical patent takes two years longer than in the United States.

The GOU approved a trademark law on September 25, 1998, upgrading trademark legislation to TRIPS standards. Under this law, a registered trademark lasts ten years and can be renewed as many times as desired. It provides prison penalties of six months to three years for violators, and requires proof of a legal commercial connection to register a foreign trademark. Enforcement of trademark rights has improved in recent years as a result of an intense anti-smuggling campaign.

Transparency of Regulatory System

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Transparent and streamlined procedures regulate foreign investment. However, long delays and repeated appeals can significantly delay the process to award international and public tenders.

Article 10 of the Uruguay-U.S. BIT mandates both countries to promptly publish or make public any law, regulation, procedure or adjudicatory decision related to investments. Article 11 sets transparency procedures that govern the accord.

Efficient Capital Markets and Portfolio Investment

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Foreign investors can access credit on the same market terms as nationals. Long-term banking credit has traditionally been more difficult to obtain.

Uruguay's capital market is underdeveloped and concentrated in sovereign debt. While Uruguay is receiving "active" investments oriented to establishing new firms or gaining control over existent ones, it lacks major "passive" investments from investment funds that are an essential source of start-up capital and liquidity for new ventures and companies wishing to expand operations.

There is no effective regulatory system to encourage and facilitate portfolio investment. There are two stock exchanges. An electronic exchange concentrates on foreign currency transactions and a traditional exchange focuses on sovereign bonds. Only 12 firms are registered in the traditional stock exchange, and trading with shares and commercial paper is virtually nil. However, there has recently been a good deal of discussion -- encouraged and facilitated by the Embassy -- among the relevant Uruguayan actors about how to reinvigorate Uruguay's capital markets. There are few investment funds in operation, mostly serve domestic clients and invest their funds in Uruguayan sovereign debt. Risk rating firms first came to Uruguay in 1998.

Private firms do not use "cross shareholding" or "stable shareholder" arrangements to restrict foreign investment. Nor do they restrict participation in or control of domestic enterprises.

Political Violence

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Uruguay is a stable democracy (Uruguay ranked as the most democratic country in Latin America, according to The Economist's 2008 Democracy Index) in which respect for the rule of law is the norm and the vast majority of the population is committed to non-violence.

Corruption

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Uruguay has strong laws to prevent bribery and other corrupt practices. In 2008, Uruguay ranked 23th (among 180 countries) in Transparency International's Corruption Perception Index. Uruguay shared the top position in Latin America's ranking with Chile. Despite Uruguay's favorable rating and effective legislation, however, public surveys indicate a perception of public sector corruption. Several former Uruguayan officials, customs officials and one judge were prosecuted for corruption in recent years. Overall, U.S. firms have not identified corruption as an obstacle to investment.

A law against corruption in the public sector was approved in 1998, and acceptance of a bribe is a felony under Uruguay's penal code. Money laundering is penalized with sentences of up to ten years (which also apply to Uruguayans living abroad). Law 17835 (passed in 2004) established a good framework against money laundering and terrorism finance and, as of January 2009, a bill to further strengthen the legal code in these areas is before Parliament. Enforcement is improving at a good pace.

Bilateral Investment Agreements

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In November 2005, Uruguay and the United States signed a Bilateral Investment Treaty (BIT), which was subsequently ratified by both legislatures and entered into force on November 1, 2006. The full text of the agreement is available at www.ustr.gov/Trade_Agreements/BIT/Section_Index.html and http://uruguay.usembassy.gov. Among other benefits, the BIT grants national and most-favored-nation treatments to investments and investors sourced in each country.

Uruguay also has BITs with Armenia, Australia, Belgium, Canada, Chile, China, Czech Republic, Finland, El Salvador, France, Germany, Great Britain, Hungary, Israel, Italy, Luxembourg, Malaysia, Mexico, Portugal, The Netherlands, Panama, Poland, Romania, Spain, Sweden, Switzerland, and Venezuela. A BIT with India is pending ratification as of January 2009.

Uruguay has Double Taxation Agreements with Argentina, Chile, Germany, Hungary, Israel, Norway, Panama, Paraguay, and Switzerland.

OPIC and Other Investment Insurance Programs

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The GOU signed an investment insurance agreement with the Overseas Private Investment Corporation (OPIC) in December 1982. The agreement allows OPIC to insure U.S. investments against risks resulting from expropriation, inconvertibility, war, or other conflicts affecting public order. OPIC programs are currently used in Uruguay.

Labor

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The Uruguayan labor force is well educated, and the government has instituted technical training programs to help meet industry's skilled labor requirements. At 97 percent, Uruguay's literacy rate is the highest in Latin America and on par with that of the United States.

Social security payments are high and increase employers' basic wage costs by about 30 percent. In addition to the worker's salary, employers must pay: (a) 7.5 percent of the wage to social security, (b) 5 percent to health insurance, (c) 0.125 percent to a labor restructuring fund, (d) a supplementary annual bonus equivalent to 1/12 of the annual pay (basically a 13th month's wages), and (e) a vacation pay equivalent to about 80 percent of the net wage received by the employee times 20 (days of leave) divided by 30 (days a month).

The social security system currently allows for retirement at age 60 for both men and women. Workers who become disabled on the job receive a monthly payment from the government equal to 70 percent of their salaries plus free medicine and medical care. The government provides six months of unemployment benefits.

Uruguay has ratified ILO conventions that protect worker rights, and generally adheres to their provisions. The Uruguayan constitution guarantees workers the right to organize and strike, and union members are protected by law against dismissal for union activities. Labor unions are nominally independent from the government. Sympathy strikes are legal.

In 2006, the GOU passed a law on the "Promotion and Protection of Labor Unions" that renders any discriminatory action affecting the employment of unionized workers illegal. Among other measures, the law provides for the immediate reinstatement of the employee if any infringement of the law is proven. Business chambers strongly opposed the bill, arguing that it slanted labor relations heavily in favor of unions.

The level of unionization has increased steadily since the governing Frente Amplio Party took office on March 1, 2005. The umbrella labor organization PIT/CNT claims to have approximately 300,000 active members, or 28 percent of the workforce. An employer can freely dismiss workers as long as it is not discriminatory and pays the worker one month for each year of work, with a cap of six months.

In labor trials, the Judiciary tends to rule in favor of the worker, as he/she is considered to be the weaker party.

In 2005, the Frente Amplio administration reinstated Salary Councils, a three party board consisting of representatives from unions, employers, and the government. The councils are responsible for setting the wage increases for individual sectors; if the unions and employers fail to reach an agreement to determine the wage increase to be applied for sectors, then the government makes the final decision. The councils were first instituted in 1943 and dissolved on several occasions, the last one coming in 1992.

In 2005, the GOU rescinded a 1966 decree that enabled employers to request police action to evict occupying workers and, in May 2006, passed a decree providing for obligatory negotiations between employer and employees prior to employees resorting to occupying the workplace. In practice, however, occupations have been early measures in several labor conflicts. Occupations surged in early 2006 but declined significantly beginning in 2007, as the GOU implemented regulations to restrain excesses, and the courts ruled to evict occupying workers in several instances. In November 2008, an International Labor Organization report was released, suggesting that Uruguay revise its legislation on this issue.

Parliament passed a law in January 2007 on outsourcing (No. 18099), which was adamantly opposed by the business community, as it made employers responsible for possible labor infringements on employees by third-party firms that were contracted by the employers. In November 2007, the GOU submitted another bill clarifying some of the private sector's concerns, which was passed in January 2008 as Law 18251.

Parliament passed a law in December 2008 providing between 6 and 12 days of mandatory leave for students to prepare for exams. Some businesspeople think the law could affect labor-intensive sectors that hire students, such as call centers.

In October 2007, the GOU submitted a bill on Collective Bargaining, which as of January 2009 has not moved forward in Parliament. Another bill on Collective Bargaining for public sector employees, submitted in February 2008, is also before Parliament.

Foreign-Trade Zones/Free Ports

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Law 15921 of December 17, 1987, regulates the operation of free trade zones within the country. Free trade zones (FTZs) permit all types of commercial, manufacturing, industrial, and service activities (e.g. warehousing, call centers, logistics and distribution, financial services, software development, and biotechnology). These activities are considered to take place outside the national territory. When goods from an FTZ are introduced into Uruguay’s customs territory, they are treated as "imports" and thus subject to customs duties and import taxes. Goods of Uruguayan origin entering into FTZs are treated as Uruguayan exports for tax and other legal purposes.

Goods, services, products, and raw materials of foreign and Uruguayan origin may be brought into the FTZs, held, processed, and re-exported without payment of Uruguayan customs duties or import taxes. Current government monopolies are not honored within FTZs. Local and foreign-owned industries alike enjoy several advantages in an FTZ. They are exempt from all domestic taxes, with exemptions granted exclusively to free trade zone tenants with approved contracts from the General Trade Authority. Customs duty exemptions are applicable to the entry and exit of goods.

The only additional cost to employers is the contribution to social security for Uruguayan employees. The employer does not pay social security taxes for non-Uruguayan employees if those employees waive coverage under the Uruguayan social security system. However, Uruguayans must comprise 75 percent of a company's labor force to qualify for FTZ tenancy.

Uruguay is a founding member of MERCOSUR, the Southern Cone Common Market composed of Argentina, Brazil, Paraguay and Uruguay (Venezuela's membership is pending). Since MERCOSUR regulations treat products manufactured in all member states FTZs as extra-territorial and hence charge them its common external tariff, with few exceptions, little manufacturing is done in local FTZs. Furthermore, products manufactured by Uruguayan or foreign firms in Uruguayan FTZs are not eligible for MERCOSUR certificates of origin and must pay the bloc’s common external tariff upon entering other member countries.

Twelve FTZs are located throughout the country. While most are dedicated almost exclusively to warehousing, three host a wide variety of tenants performing a variety of services. One in particular (Zonamerica) was developed as a technology park to provide services and infrastructure for competitive development of companies with international reach. Two were created exclusively for the development of the paper and pulp industry.

Foreign Direct Investment Statistics

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Foreign Direct Investment (FDI) in Uruguay has been traditionally low (under 3 percent of GDP), even by Latin American and regional standards, because of the country's small market, the lack of major privatizations, and the small number of firms that base their MERCOSUR-wide operations locally. However, FDI has risen significantly in recent years – to about 5 percent of GDP in 2008 – in light of major investments in agriculture-related activities (forestry, ranching, farming, and slaughterhouses), construction (real estate in Punta del Este, hotels, and office buildings), and services.

Annual inflows of FDI rose from $397 million in 2004 to $847 million in 2005, $1.4 billion in 2006, $1.1 billion in 2007, and $1.4 billion in the first three quarters of 2008. Surging inflows of FDI have led the stock of FDI to record levels ($5.5 billion in 2007).

According to the most recent statistics by origin (2005), the United States was the third largest foreign investor in Uruguay with 4.2 percent of total FDI ($35 million). Spain and Argentina ranked first and second, respectively, with 24 percent and 13 percent total FDI. Brazil has also made significant investments, especially in the agro-industrial (beef, rice and barley), financial, and energy sectors.

According to the U.S. Department of Commerce, the 2005 stock of U.S. direct investment in Uruguay amounted to $599 million. Major U.S. investments include Weyerhaueser (forestry), Conrad Hotels (tourism and gambling), and Sabre (call center), with significant U.S. investment in meat processing and agro-industry.

Finnish Botnia's construction of a $1.2 billion pulp mill in 2005-2007 was Uruguay's largest-ever foreign investment. Another cellulose producer, Spanish firm Ence, plans to build a pulp mill worth $ 1.0 billion over the next 2-3 years. A dispute between Argentina and Uruguay over these pulp mills investments led to strained relations between the two countries. Portucel and Stora Enso have also announced their decision to invest in additional pulp mills to be constructed.

In 2008, local and foreign investors reacted positively to Decree 414/07 (see Performance Requirements and Incentives) and, encouraged by the booming economy, submitted investment proposals worth over $1 billion, more than double the 2007 request.

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Host country contact information for investment-related inquiries:

Uruguay XXI
Investment and Export Promotion Directorate
Mr. Carlos Viera
Executive Director
Address: Yaguaron 1407, Suite 1103
Montevideo, Uruguay
Tel: (598 2) 900-2912 / 900-0318; Fax: (598 2) 900-8298;
Web page: http://www.uruguayxxi.gub.uy

UNASEP, Unidad de Apoyo al Sector Privado
(Ministry of Finance Unit to Support Private Investment)
Mr. Alvaro Inchauspe
Director
Rincón 528 4th floor (11.000) Montevideo - Uruguay
915 8167 // 916 8580 int 402 // 099281057
www.unasep.gub.uy

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Chapter 7: Trade and Project Financing

- How Do I Get Paid (Methods of Payment)
- How Does the Banking System Operate
- Foreign-Exchange Controls
- U.S. Banks and Local Correspondent Banks
- Project Financing
- Web Resources

How Do I Get Paid (Methods of Payment)

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Exports to Uruguay are usually financed through export letters of credit, sales on open account or drafts on foreign buyers. Local business practices do not include paying for goods in cash in advance.

There are no foreign currency restrictions in Uruguay. Payment for any kind of imports can be made in cash or on the terms agreed by the parties (i.e. a letter of credit or a sight draft with deferred payment). The international banking departments of major U.S. banks and special programs under EX-IM Bank, Overseas Private Investment Corporation (OPIC), and the Small Business Administration (SBA) generally finance U.S. exports.

For credit rating agencies see links below:

Equifax:	http://www.clearing.com.uy, http://www.equifax.com/
Commercial Defense:	http://www.lideco.com.uy/online/html/index.php
D&B Uruguay:	http://www.mr.com.uy
PriceWaterhouseCoopers:	http://www.pwc.com/uy/

How Does the Banking System Operate

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The financial sector in Uruguay is open to foreign participation and is sustained by a transparent supervisory and regulatory system. A severe banking crisis in 2002 put the entire system under risk but proper management allowed the system to get back on track. The crisis was overcome with timely U.S. and IMF support.

Since the crisis, the Government of Uruguay has implemented financial sector reforms enforcing greater financial controls, which empowered the supervisory role of the Central Bank. According to the IMF, Uruguay's recovery was fostered by strong macroeconomic policies and structural reforms generating remarkable economic and financial results.

Uruguay's financial system is composed of the Central Bank, 2 public banks, 12 private banks, 17 financial institutions (including four offshore banks), 10 credit management institutions and 81 foreign exchange firms.

Uruguay's government-owned banks have traditionally held a major share of the banking market. The Central Bank formulates monetary and exchange policies in coordination with the Executive Branch. Private banks supply Uruguay's private sector with short-term, dollar-denominated credit and receive mostly dollar-denominated deposits (almost over 80% of the private sector's deposits in the commercial banking system are dollar-denominated.) Most private banks, including U.S. – owned ones, successfully weathered the 2002-banking crisis and honored all deposits in a timely manner. Itau, a Brazilian bank, bought Bank Boston Uruguay in August 2006. Currently, Citibank is the only U.S. bank in Uruguay.

Uruguay had traditionally been regarded as a safe-haven for Argentine depositors, and before the 2002-banking crisis, Argentines held over 40% of total deposits. However, many Argentine depositors withdrew their deposits in 2002 and as of December 2008 they accounted for 18% of total deposits, limiting Uruguay's exposure to its neighbor. Credits started to recover from the crisis in mid-2005, well after deposits which had started in mid-2002. Despite the recovery, credits and deposits remain below their pre-crisis levels.

During 2006 – 2007, consumer and housing loans started to show some activity both in dollars and in indexed units. Credit cards continue to remain at very low levels, at approximately 30% of pre-crisis levels, but during 2007 - 2008 the increase in activity remained constant.

Offshore financial institutions operate with limited functions as they can not operate with residents.

For more information, please check in http://www.bcu.gub.uy (English version is available.)

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Uruguay does not apply foreign exchange controls.

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Citibank (Citi)

Citibank is the only U.S bank remaining in Uruguay. The bank has had a presence in Uruguay since 1915, and according to its web site, has a consumer and corporate base of more than 57,000 individual accounts and businesses. For more information check in: http://www.latam.citibank.com/uruguay/homepage/spanish/index.htm

Tel: 5982-915-5687; Fax: 5982-916-0645; web: http://www.citibank.com.uy

Citibank does not open personal bank accounts for U.S. citizens residing in Uruguay due to U.S. withholding tax regulations.

All local banks have correspondent banking arrangements with some major U.S. bank.

Project Financing

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Some of the major sources of project financing include:

A. Export-Import Bank: Provides U.S. exporters with several financing programs, including working capital guarantees, export credit insurance, commercial bank guarantees, medium-term credits, small business credits, direct loans to foreign purchasers, and financial guarantees. Eximbank finances all types of U.S. goods and services as long as they contain at least 50% U.S. content and are not military-related. Further information on the bank's programs may be obtained at 1-800-565-exim. Eximbank's Uruguay Desk Officers may be contacted by phone at 202-565-3913, by fax at 202-565-3931, or at www.exim.gov.

B. Overseas Private Investment Corporation (OPIC): OPIC's programs include loans and loan guarantees, investment funds, and political risk insurance (currency inconvertibility, expropriation, and loss of assets or income caused by political violence). OPIC may be contacted at 202-336-8400 or at www.opic.gov

C. Commodity Credit Corporation (CCC): The CCC finances exports of U.S. agricultural commodities. The CCC may be reached by phone at 202 720-6301 or by fax at 202 690-0727 or at http://www.fsa.usda.gov/ccc.

D. Small Business Administration (SBA): SBA's export revolving line of credit loan helps small businesses export their products. SBA may be contacted at 1-800-827-5722 or at www.sba.gov.

E. World Bank and Inter-American Development Bank: Both banks offer programs that allow U.S. companies to compete in major international infrastructure projects. The public information centers of both banks may be contacted through 202-458-5454 (or www.worldbank.org) and 202-623-2096 (or www.iadb.org) respectively.

F. Trade and Development Agency (TDA): TDA has invested several million dollars in Uruguay for feasibility studies and other activities that support infrastructure development and modernization projects. TDA may be contacted at 703-875-4357 or at www.tda.gov.

Several States also have their own export financing programs.

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Embassy Contact: Lilian Amy, Sector Specialist – lilian.amy@mail.doc.gov
http://www.buyusa.gov/Uruguay/en

Export-Import Bank of the United States: http://www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: http://www.opic.gov

Trade and Development Agency:	http://www.tda.gov/
SBA's Office of International Trade:	http://www.sba.gov/oit/
USDA Commodity Credit Corporation:	http://www.fsa.usda.gov/ccc/default.htm
U.S. Agency for International Development:	http://www.usaid.gov

(Insert a link to the applicable Multilateral Development Bank here and any other pertinent web resources.)

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- Visa Requirements
- Telecommunications
- Transportation
- Language
- Health
- Local Time, Business Hours and Holidays
- Temporary Entry of Materials and Personal Belongings

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Business Customs Return to top

Business dress and appearance, as well as one's general approach to business relations, should be very conservative. An advance appointment for a business visit is usually necessary and considered a customary courtesy. Punctuality is generally observed. Typically, business is discussed after social amenities. Business breakfasts, cocktails, and lunches are common. Dinners are common for closing a business agreement.

Travel Advisory Return to top

For travel advisories, if any, please check in http://uruguay.usembassy.gov and/or http://travel.state.gov/travel/cis_pa_tw/cis/cis_1054.html

No inoculations are currently necessary for entry. International travelers are advised to contact their local public health department, physician, or travel agent at least two weeks before departure to obtain current information on health requirements.

Visa Requirements Return to top

U.S. citizens need a valid American passport, but visas are not required for holders of regular passports. Those traveling on diplomatic or official passports must have a valid visa in addition to the passport. For more information, please check in http://travel.state.gov/travel/travel_1744.html

Business and tourist stays are limited to 90 days and may be extended for an additional 90 days.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website:	http://travel.state.gov/visa/index.html
United States Visas.gov:	http://www.unitedstatesvisas.gov/
U.S. Embassy in Uruguay, Consular Section:	http://uruguay.usembassy.gov

Telecommunications Return to top

Uruguay has a fixed line tele-density of almost 80 percent, one of the highest in Latin America. Telephony is fully digitalized. Only ANTEL, the state owned company, can provide basic telephony. Eight other companies compete with ANTEL for international calls. There are three cellular providers with GSM/GPRS, TDMA, and/or CDMA services. High-speed Internet is easily accessible in major hotels, airports, and cyber-cafes are readily available. AT&T, MCI, and Sprint call cards are accepted.

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American Airlines is the only U.S.-carrier with flights to and from the U.S. During the period November – April, it offers direct flights between Montevideo and Miami five days a week. During the rest of the year, direct flights are three times a week while the rest have a stopover in Buenos Aires. Internal transportation is mainly by car or bus. Within Montevideo, bus and taxi services are extensive, safe, and inexpensive.

Language Return to top

Spanish is the official language. Although a vast majority of the business community speaks English or other languages, interpreters are commonly used during business meetings.

Health Return to top

There are no major health hazards. Uruguay enjoys high health standards for food and drinking water.

Local Time, Business Hours, and Holidays Return to top

Uruguay observes standard time (GMT-3). From October – March, Daylight Savings Time is in effect.

Normal business hours are Monday through Friday from 9:00 a.m. – 6:00 p.m. Banks are open to the public Monday through Friday from 1:00 – 5:00 p.m. Stores are also open on Saturdays from 9:00 a.m. to 1:00 p.m. Shopping centers open daily from 10:00 AM - 10:00 PM.

Local Holidays

Jan. 1	New Year's Day
Jan. 6	Three King’s Day
Feb.	Two days for Carnival (6 weeks before Holy Week)

Apr.	Five days for Holy Week (dates vary from year to year)
May 1	Uruguayan Labor Day
May 18	Commemoration of Battle of Las Piedras
Jun. 19	Birthday of Artigas
July 18	Uruguayan Constitution Day
Aug. 25	Uruguayan Independence Day
Oct. 12	Columbus Day
Nov. 2	All Saints Day
Dec. 25	Christmas

Temporary Entry of Materials and Personal Belongings

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There are no restrictions on the temporary entry of business-related equipment (i.e. laptops, etc.) Refundable deposits may be required and are payable at the point of entry.

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Ministry of Tourism: http://www.turismo.gub.uy

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Chapter 9: Contacts, Market Research, and Trade Events

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- Market Research
- Trade Events

Contacts Return to top

Mr. Jack Doutrich
Economic and Commercial Chief
American Embassy Montevideo
UNIT Econ 4510
APO AA 34035
Tel: (5982) 418-7777 ext. 2329
Fax: (5982) 418-8581
E-mail: **DoutrichJT@state.gov**
or Montevideo.office.box@mail.doc.gov
http://www.buyusa.gov/uruguay/en

Embassy web site: http://uruguay.usembassy.gov

Uruguay – U.S. Chamber of Commerce (AMCHAM)
e-mail: info@ccuruguayusa.com
http://www.ccuruguayusa.com

Country Trade or Industry Associations in Key Sectors

Chamber of Industries: http://www.ciu.com.uy

Chamber of Commerce and Services: http://www.camaradecomercio.com.uy

Chamber of Agro-Industries: http://www.camaramercantil.com.uy

Union of Exporters: http://www.uruguayexporta.com

Uruguay XXI: http://www.uruguayxxi.gub.uy

Uruguayan IT Chamber: http://www.cuti.org.uy

Uruguay Fomenta: http://www.uruguayfomenta.com.uy/site/

Government

Ministry of Industry, Energy, and Mining
http://www.miem.gub.uy

Ministry of Economy and Finance
http://www.mef.gub.uy

Ministry of Tourism
http://www.turismo.gub.uy

Ministry of Transport and Public Works
http://www.mtop.gub.uy

Ministry of Agriculture and Fishing
http://www.mgap.gub.uy

Office of the President of Uruguay
http://www.presidencia.gub.uy

Parliament
http://www.parlamento.gub.uy

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/mrktresearch/index.asp and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

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Please click on the link below for information on upcoming trade events.

http://www.export.gov/tradeevents/index.asp

For events in Uruguay, please click on the link below
http://www.buyusa.gov/uruguay/en/19.html

For further assistance, please contact: montevideo.office.box@mail.doc.gov

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

http://www.buyusa.gov/uruguay/en

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: http://www.export.gov